

Message Text

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44

ACTION ARA-20

INFO OCT-01 ADP-00 INT-08 SCEM-02 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 RSR-01

/162 W

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R 231515Z JUL 73

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 4819

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN SALVADOR

AMEMBASSY SAN JOSE

AMEMBASSY MANAGUA

LIMITED OFFICIAL USE TEGUCIGALPA 2698

E.O. 11652: N/A

TAGS: BDIS HO

SUBJECT: TEXACO REFINERY - HONDURAS

REF: STATE 142279; TEGUCIGALPA 2385 AND PREVIOUS

1. EMBASSY DOES NOT OBJECT TO COURSE OF ACTION DESCRIBED
IN STATE REFTEL. HOWEVER, RECOMMEND APPROACH TO GOH
BY TEXACO REPRESENTATIVES BE CONDUCTED ON AN
UNEMOTIONAL "FRANK DISCUSSION" PLANE, LAYING CARDS ON
TABLE BUT NOT MAKING THREATS WHICH MIGHT PUCH GOH TO
OVERREACT.

2. EMBASSY AGREES THAT PROBLEM IS NOT LACK OF UNDERSTANDING
BY GOH. BENNATON WELL INFORMED AND WE HAVE HEARD FROM
ESSO MANAGER THAT MINECON OFFICIAL WITH WHICH PETROLEUM
COMPANY REPS HAVE HAD MEETINGS (LIC. BENJAMIN VILLANUEVA)
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IS CAPABLE AND HAS BEEN DOING HIS HOMEWORK. ACCORDING TO

ESSO MANAGER, VILLANUEVA HAS BEEN WORKING ON SEVERAL FORMULAE TO MAKE PRICE INCREASES MORE PALATABLE TO THE PUBLIC (E.G. SHARING THE LOSSES AMONG THE CONSUMER, THE COMPANIES AND THE GOH; OR GOH SUBSIDY; OR LIFTING CEILINGS ONLY ON SELECTED PRODUCTS; ETC.).

3. THERE HAVE BEEN CERTAIN SMALL INDICATIONS OF GOH SOFTENING ON THE PETROLEUM PRICE ISSUE OVER THE LAST FEW WEEKS.

FOR EXAMPLE: ANNOUNCEMENT ACCOMPANYING DECREE 55 MOVING PRICES ON CERTAIN FOODSTUFFS BACK TO JANUARY LEVELS CONTAINED CALL FOR PUBLIC UNDERSTANDING THAT GOH CANNOT CONTROL PRICES OF PRODUCTS WHOSE PRICE IS SET THROUGH INTERNATIONAL TRADING (SEE TEGUCIGALPA 2474); AT A MEETING WITH ANDI, THE ASSOCIATION OF INDUSTRIALISTS, HELD ON JULY 10, BENNATON TOLD LEADING BUSINESSMEN THAT GOH WOULD NOT BE ABLE TO SIT ON PETROLEUM PRICES. AT SAME ANDI MEETING, CERTAIN LEADING INDUSTRIAL USERS OF PETROLEUM PRODUCTS ALSO INDICATED THEIR UNDERSTANDING FOR NEED OF PRICE BOOST. THESE INDIVIDUALS HAVE BEEN ONE OF STRONGEST PRESSURE GROUPS ON GOH FOR KEEPING PRICES FROZEN. DESPITE ABOVE INDICATIONS, HOWEVER, QUESTION OF WHEN TO ALLOW PRICE CHANGES STILL VERY MUCH IN THE AIR. WE HAVE HAD INDICATIONS THAT PRICE INCREASE ACTION MAY NOT COME UNTIL END 1973 OR BEGINNING 1974.

4. RE TEXACO'S APPROACHING OTHER DISTRIBUTORS FOR HELP, DOUBTFUL THEY WILL BE RECEPTIVE. ESSO MANAGER TOLD EMBASSY ON JULY 3 THAT IF THE FREEZE CONTINUES ON THE REFINERY THE MARKETERS CAN STAGGER ALONG (ESSO WOULD MAKE SLIGHT \$40,000 PROFIT ON \$4 MILLION INVESTMENT.) HOWEVER, IF FREEZE LIFTED THEY WOUPU ALL LOSE MONEY. CHEVRON MANAGER HAS STATED TO COMMERCIAL ATTACHE THAT IF FREEZE ON REFINERY LIFTED HE WOULD HAVE TO SHUT DOWN AS HE UNWILLING TO BEAR THE LOSS WHICH WOULD BE SHIFTED FROM THE REFINERY.

5. PROBLEM FOR GOH IS UNDOUBTEDLY POLITICAL IN NATURE AND INVOLVES BOTH WAITING FOR A PROPITIOUS TIME TO ANNOUNCE AN INCREASE, AND PREPARING THE PUBLIC PSYCHOLOGICALLY TO ACCEPT THE INCREASE WITH A MINIMUM OF OUTCRY. GOH TIME
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FRAME FOR THIS WOULD NO DOUBT BE LONGER THAN WHAT TEXACO REPS WISH.
SANCHEZ

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Message Attributes

Automatic Decaptoning: X
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Disposition Approved on Date:
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Disposition Reason:
Disposition Remarks:
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